UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.109/1137
2 March 1993

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

MONTSERRAT

Working paper prepared by the Secretariat

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MONTSERRAT 1/

I. GENERAL

1. Montserrat is situated in the Leeward Islands in the eastern Caribbean, 43 kilometres south-west of Antigua and 64 kilometres north-west of the French Overseas Department of Guadaloupe. It has a maximum length of 18 kilometres and a maximum width of 11 kilometres and covers an area of 103 square kilometres. The capital of Montserrat is Plymouth.

2. The Territory, which is in the hurricane zone, was struck by hurricane Hugo on 17 September 1989, causing severe damage to the economic and social infrastructure. Emergency and rehabilitation assistance, mainly from the United Kingdom of Great Britain and Northern Ireland, regional and international agencies, and local relief efforts have since contributed to bringing in some degree of economic recovery.

3. Montserrat is mountainous and of volcanic formation. There are three ranges - the highest point being Chance Mountain, which is 914 metres. On 9 August 1992, a series of tremors was recorded in the Territory, one of which measured 3.3 on the Richter scale and was classified as an earthquake. The activity was registered by seismic instruments which have been installed locally and are constantly monitored by the University of the West Indies Seismic Research Unit, located on Trinidad and Tobago. No damage was reported in connection with the earthquake. In a statement delivered on 16 September 1992 to a workshop on Hurricane Resistant Techniques, the Deputy Chief Minister and Minister for Communications and Works noted that several earthquakes occurred in the region annually, most of which caused no damage. In 1935, however, a major earthquake caused extensive damage to Montserrat followed by other earthquakes in the 1970s and 1980s which also caused some damage. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

4. The Territory is administered under the Montserrat Constitution Order of 1989 which came into force in 1990. The Constitution provides for a Governor appointed by Her Majesty the Queen; an Executive Council, comprising the Governor as President, the Chief Minister, three other ministers and two ex officio members (the Attorney-General and the Financial Secretary); and a Legislative Council, comprising a Speaker, two ex officio members (the Attorney-General and the Financial Secretary), seven elected members returned from single-member constituencies on the basis of universal adult suffrage and two nominated members.

5. Ministerial responsibilities cover all areas of government business with the exception of external affairs, internal security, defence, the public service, international financial services and areas for which the Governor is responsible. Following a survey of offshore financial services in the British dependent Territories undertaken by the United Kingdom Government in 1990, the

special responsibilities of the Governor were extended to cover international financial services.

6. During the Governor's absence, the Speaker of the Legislative Council acts as Governor.

7. A Magistrates' Court, presided over by a Resident Magistrate, is situated at Plymouth. The functions of Registrar General, Registrar to the High Court and Deputy Registrar to the Court of Appeal are performed by an officer holding the post of Registrar who also acts for the Magistrate during his absence.

8. The Eastern Caribbean States Supreme Court (Montserrat) Ordinance, 1968, created the High Court and Court of Appeal. Appeals to Her Majesty's Privy Council are governed by the Montserrat (Appeals to Privy Council) Order, 1967. A judge of the High Court visits Montserrat thrice each year to hold assizes, and an Appeal Court Justice visits twice each year.

9. The Attorney-General is the Public Prosecutor, and these powers are vested in him to the exclusion of any other person. There are several locally appointed justices of the peace with limited powers of summary jurisdiction.

B. Political parties and elections

10. There are three political parties in the Territory.

11. General elections for the seven elected seats in the Legislative Council were held on 8 October 1991, one year earlier than scheduled. The elections were contested by 26 candidates, mainly from three political parties: the People's Liberation Movement (PLM), the National Development Party (NDP) and the newly established National Progressive Party (NPP). In the final count, NPP won four of the seven elected seats, PLM and NDP won one seat each and an independent candidate won the seventh seat.

12. On 10 November 1992, a motion of no confidence in the Government was defeated in the Legislative Council by four votes to two with one abstention. The motion, which was introduced by the independent member, made reference to the critical economic conditions in the Territory, the apparent inability of the ruling NPP Government to solve the problem, and the integrity of the Chief Minister who was involved in a stolen car case in the United Kingdom. 3/

C. Future status of the Territory

13. The position of the territorial Government up to November 1991 regarding the future political status of the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/1101, paras. 15-21). In summary, the territorial Government considered independence to be both inevitable and desirable but should be preceded by economic and financial viability sufficient to sustain Montserrat as an independent State. Independence would be sought without the support of the majority of the people. The ruling NPP has indicated that although it considered independence to be inevitable, it would adopt a gradual approach in preparing the people of

Montserrat for independence. It was also committed to promoting a more positive role for Montserrat in regional integration.

14. According to press reports, 4/ the Chief Minister stated, inter alia, that independence was an emotive issue with significant economic and social implications, and that the Territory needed to move towards it in a gradual and planned manner through the Organization of Eastern Caribbean States (OECS) and the wider Caribbean Community (CARICOM). The Chief Minister stressed that independence was not a priority and that the Territory should not be forced into it; as the Territory became more economically self-reliant, it would then be in a position to move towards independence.

15. The Chief Minister expressed the preference of his Government for independence within an OECS political union, and noted that Montserrat was part of an ongoing process towards political unity among the Eastern Caribbean States. 4/

16. In November 1992, the Chief Minister of Montserrat met with the Chief Ministers of Anguilla, the British Virgin Islands and the Turks and Caicos Islands in Montserrat to formulate a common position on the British review of policy and management of the Caribbean dependent Territories. 5/ The review is outlined below.

D. Position of the administering Power

17. The information set out below was provided to the Secretariat by the United Kingdom:

"THE CARIBBEAN DEPENDENT TERRITORIES:
REVIEW OF POLICY AND MANAGEMENT 1991/2

"1. In late 1991 FCO Ministers directed that a review should be conducted of policy towards and management of the Caribbean Dependent Territories (DTs). The review which was completed earlier this year, noted that:-

(i) the present constitutional relationship, and the respective responsibilities of Britain and the governments of the territories, were not likely to change fundamentally in the foreseeable future;

(ii) the need to continue helping the Caribbean DTs to develop economically;

(iii) that sound private investment was essential if the Caribbean DTs were to stand more securely on their own, as the Cayman Islands (and Bermuda) do already;

(iv) that where needed aid and technical co-operation programmes would be maintained;

(v) that the progressive strengthening of good government of the territories was indispensable for economic development and continued economic assistance;

(vi) that they sit astride major drug routes from Latin America;

(vii) that with few natural resources, their future economic development depended heavily on offshore finance and tourism, but both activities offered opportunities for drugs traffickers, money-launderers, and other white collar crime which could threaten the fabric of society and erode the achievements that have been made in promoting economic growth, and that violent crime was also increasing throughout the region. Past scandals in the public administration of some of

the territories had adversely affected their reputation and their ability to attract investment and tourism.

"2. The Foreign and Commonwealth Secretary endorsed these conclusions and asked Mr Lennox-Boyd as Minister responsible for the Caribbean DTs to visit the region to outline these to Governors and elected Ministers, which he did in July.

"3. Within their overall concern to help promote good government and economic development within the DTs, British Ministers have decided that priority must be given to bringing the regulation of offshore financial services into line with internationally-accepted norms. British Ministers have also accepted that existing programmes of support for the police and customs services should be maintained, and possibly increased, and agreed that a substantial new programme of penal reform should be introduced, including the building of new prisons in four of the territories and the provision of specialist UK training and other support.

"4. In addition, urgent consideration will also be given to the need to revise out-dated laws and to improving the standards of the judiciary and court administration. The training of DT Government personnel is another vital element which will receive greater emphasis, as funds permit. Close attention will also be given to the liabilities which DT Governments can incur, and the need for DT Governments to make adequate provision for them. All these activities will require the active support of DT governments and close partnership through Governors, with the British Government.

"5. The review also recommended changes in the present FCO and ODA management structures responsible for the DTs in Whitehall, and in the region, so that dialogue, co-ordination and co-operation can be improved. British Ministers have agreed that these structures should be strengthened by:

(a) Improved Co-ordination in Whitehall. As the FCO Minister responsible for the Caribbean DTs, the Hon Mark Lennox-Boyd MP will chair a Ministerial Board of Management for the Dependent Territories. The Board will bring together

those British Government Departments and agencies which have a part to play in the territories' affairs. Apart from the FCO and the ODA, representatives from the Treasury, Home Office, Department of Trade and Industry, Ministry of Defence, Department of Transport, Department of the Environment and Bank of England will be invited to be represented on a regular basis. Other Departments and agencies will be invited when appropriate. It will thus have the benefit of a wider range of expertise than the FCO and ODA alone can offer. Starting in the Autumn of 1992, the Board will meet quarterly. Governors will be consulted about topics to be brought before the Board, and will act as a channel of communication with elected DT Governments.

(b) Extra Staff in Governors' Offices

Governors will continue to remain the key link between DT Governments and Whitehall. But the review clearly shows that, in today's complex and fast moving circumstances and in particular given the importance of good government they need reinforcement. Accordingly a full-time FCO official will be appointed to assist each Governor. These officials will work directly to the Governor and will not be part of the local DT Government structure. Similar FCO posts already exist in Hong Kong, Gibraltar and the Falkland Islands.

(c) Unified Management of UK Expenditure on Development and Good Government in the DTS. Early in 1993 a Regional Secretariat for the Caribbean DTs, led by a senior FCO official will be set up in Barbados to manage both FCO and ODA funds for the Caribbean DTs. The Head of the Secretariat's task will be to co-ordinate all official funding programmes in the territories and to provide on-the-spot support and advice for Governors and DT Governments, while reporting directly to the Ministerial Board of Management and senior FCO and ODA officials in London. The Secretariat will be exclusively concerned with the Caribbean DTs. It will incorporate those programme management staff from the present British Development Division in the Caribbean (BDDC) based at Bridgetown, who work directly with the territories; the Regional Financial Services

Adviser and the shortly to be appointed Regional Penal Reform Programme Co-ordinator. While separate from the BDDC, the Secretariat will have access to the expertise of BDDC professional staff with a wider regional remit, and will liaise closely with the British High Commission at Bridgetown to ensure that the DTs are kept in close touch with relevant regional trends.

"6. The new management arrangements will provide more capacity, will strengthen the links between Governors and elected governments and Ministers in Whitehall, and thus ensure that DT business is given adequate and timely attention.

"7. But British Ministers believe that more is necessary, notably that HMG and the elected governments of the territories should work more closely together in a spirit of partnership and common enterprise for their mutual benefit. Day-to-day consultation will remain the responsibility of the Governors. But, as the cornerstone of the new partnership approach they are seeking, British Ministers propose to introduce new jointly-agreed Country Policy Plans for each aid-receiving DT. DT Governments will have an important say in drawing up these plans in discussion with Governors and the Regional DT Secretariat. It is envisaged that they would identify together agreed priorities for development and improvements needed in the governance of the territories to which both governments would be committed over a three-year period, to be reviewed annually.

"8. The essence of these plans is that they should be agreed documents. Once agreement has been reached, British Ministers propose that each Plan should be signed by the Governor, an elected representative of the DT Government concerned and the Head of the Secretariat. The Plan would then be published so that it would represent a public commitment by both the British and the elected DT Governments to the future development and good government of the territory. Besides giving a new focus to the joint efforts of the British and DT Governments, this commitment would be intended to show both the population of the territory, and those who wish to

invest in or do business with it, that the governments are working together towards commonly-agreed goals from which they may derive confidence and benefit.

West Indian & Atlantic Department
Foreign & Commonwealth Office
August 1992"

E. Action taken by the General Assembly

18. On 25 November 1992, the General Assembly adopted resolution 47/27, a consolidated resolution on 10 Non-Self-Governing Territories, including Montserrat. In part A of the resolution, the Assembly, inter alia, reaffirmed that it was ultimately for the people of those Territories themselves to determine freely their future political status in accordance with the relevant provisions of the Charter of the United Nations, the Declaration on the Granting of Independence to Colonial Countries and Peoples and the relevant resolutions of the Assembly. In that connection, the Assembly called upon the administering Powers, in cooperation with the territorial Governments, to facilitate programmes of political education in the Territories in order to foster an awareness among the people of the possibilities open to them in the exercise of their right to self-determination, in conformity with the legitimate political status options clearly defined in General Assembly resolution 1541 (XV) of 15 December 1960. In Part B VII, pertaining to Montserrat, the Assembly urged the administering Power to continue to intensify and expand its programme of aid in order to accelerate the development of the economic and social infrastructure of the Territory and requested the administering Power to continue to facilitate the assistance of the specialized agencies and other organizations of the United Nations system, as well as regional and multilateral financial institutions, to the Government of Montserrat. The Assembly also urged the administering Power to continue its assistance to the Territory in the prevention of drug trafficking and money laundering.

F. External affairs

19. The Territory continues to be a member of CARICOM and OECS, as well as the institutions associated with both groups, including the University of the West Indies, the Caribbean Development Bank (CDB) and the Eastern Caribbean Central Bank (ECCB). Montserrat is an associate member of the Economic Commission for Latin America and the Caribbean (ECLAC) and its subsidiary bodies. The Territory was represented at the meetings of the Caribbean Group for Cooperation and Economic Development, sponsored by the World Bank.

20. During the period under review, representatives of the Territory, as in previous years, participated in regional and international conferences and programmes organized by Governments, international organizations and multilateral agencies.

21. In June 1992, a member of the Legislative Council and the Public Relations Officer in the Office of the Chief Minister participated in the United Nations Regional Seminar to Review the Special Development Needs of Island Territories, held within the context of the International Decade for the Eradication of Colonialism in Grenada, from 17 to 19 June 1992.

22. The Chief Minister attended the Thirteenth Meeting of the Conference of Heads of Government of the Caribbean Community and the Special Meeting of the Conference of Heads of Government held at Port-of-Spain, Trinidad and Tobago, in July and October 1992, respectively. In November 1992, the Chief Minister

was elected Chairman of the Twenty-first Meeting of Heads of Authority of OECS held in the Territory.

G. Public service

23. There were 755 established public service posts in the Territory in 1992. Provision was made for a further 679 non-established posts. The damage caused by hurricane Hugo in 1989 necessitated an increase in technical assistance personnel, particularly in the areas of physical planning, architecture, medicine and finance.

24. In his 1992 Budget Speech, which was delivered to the Legislative Council on 6 March 1992, the Chief Minister and Minister for Finance and Economic Development asserted the policy of the Government to continue its efforts to train and develop local human resources. He stated that the major aims in 1992 were to improve the efficiency and productivity of the public service through training at all levels, with emphasis on training for development and priority for long-term training awards; and to improve the consultative and advisory machinery within the service. The Chief Minister noted that in 1991, 25 persons on long-term training had returned to the Territory; 34 persons had gone overseas to pursue training from one to four years; and over 40 persons from the public and private sectors had benefited from short-term training programmes and attachments.

25. The Chief Minister informed the Legislative Council that total aid allocations to the Territory had not increased because of the global recession and rising inflation, and that traditional donors had shifted their emphasis from long-term to short-term assistance. He also noted that funding agencies had their own priorities which were not always in line with the priorities of the territorial Government or the aspirations of individual recipients. For the academic year 1991/92, approximately EC$ 1 million were budgeted for long-term training. That amount excluded the cost of replacements.

26. In the same statement, the Chief Minister announced that a long awaited group-health insurance scheme for civil servants would be introduced soon. The Government would pay the full premium for all civil servants. Those who wished to include their dependants would be required to pay the additional premium. He noted that the proposed scheme, which would include a basic health plan, as well as major medical, dental and eye care, would bring about a significant improvement in health care in the Territory.

27. In October 1992, in a press interview, the Chief Minister underscored the importance of training by stating that if the Territory did not train its people, it would always be dependent on foreign expertise. He advocated overseas training as a means by which nationals would broaden their skills and experience. 6/

III. ECONOMIC CONDITIONS 7/

A. General

28. The economy of Montserrat is based mainly on construction, tourism and related financial, distributive and personal services. CDB reported that economic activity in the Territory slowed significantly during the second half of 1992 as a result of the weak performance of the tourist sector and a sharp decline in construction activity. CDB estimated that the real rate of growth of the Gross Domestic Product (GDP) had declined in 1991 from 13.5 per cent, which was reached in 1990 (21.5 per cent in 1989). The decline in activity was associated with the adverse effects of the Persian Gulf crisis at the beginning of 1991, the recession in the United States of America and the completion of post-hurricane reconstruction projects. The inflation rate was 9 per cent in 1991 compared with 7 per cent in 1990.

29. The per capita GDP at current prices in 1990 was US$ 6,133, compared with US$ 5,385 in 1989.

30. According to ECCB, the economy showed some improvement during the first quarter of 1992, mainly as a result of agricultural output which was influenced by favourable weather conditions and a government-sponsored agricultural exhibition.

B. Public finance

31. On 11 March 1992, the Legislative Council approved the budget estimates for the year. Recurrent revenue for 1992 was estimated at EC$ 43.9 million (the revised estimate in 1991 was EC$ 44.39 million). 8/ The main components of local revenue were direct taxation, EC$ 22.1 million (EC$ 24.1 million in 1991); import duties and consumption tax, EC$ 15.9 million (EC$ 14.8 million in 1991); stamp duties and licences, EC$ 2.6 million (EC$ 2.9 million in 1991); and earnings of government departments EC$ 1.6 million (EC$ 1.1 million in 1991). Recurrent expenditure for 1992 was estimated at EC$ 42.4 million (revised expenditure for 1991 was EC$ 41.2 million).

32. In his 1992 Budget Speech, the Chief Minister stated that the difference of approximately EC$ 1.6 million between recurrent revenue and recurrent expenditure would be allocated to capital works to be financed locally (EC$ 777,000) and the remainder to reserves which would be used to meet the local costs of the airport development project.

33. The Development Fund, allocated to capital projects, was estimated for 1992 at EC$ 16.5 million, of which the Territory's contribution would be 7.1 per cent.

34. In the same statement, the Chief Minister informed the Legislative Council that the territorial Government was committed to a Public Sector Investment Programme which would provide the infrastructure required to facilitate growth and development. He stated that the United Kingdom, which remained the largest aid donor, had increased its aid significantly from an annual allocation of EC$ 6.75 million to EC$ 54 million over the period from 1991 to 1994. Another

important donor was the European Community through its European Development Fund, which contributed a grant of EC$ 8.1 million for port development and allocated EC$ 32 million for the construction of a new airport. In its annual report for 1991, CDB reported that a contract would be awarded in 1992 for port development, which was made possible by a loan of US$ 6 million approved in 1990. In its Development Cooperation Report for 1991 for the Eastern Caribbean, which provided information on external aid disbursements from the United Nations and other sources, the United Nations Development Programme (UNDP) reported that CDB had provided US$ 878,000 to Montserrat in 1991 and had planned to allocate a further US$ 1.7 million in 1992. 9/

35. According to the Chief Minister, the Canadian International Development Agency (CIDA) continued to support the development efforts of the Territory and, in 1991, provided over EC$ 1.4 million under its Small Projects Implementation Facility. Another source of bilateral assistance came from the United States Agency for International Development (USAID) which provided assistance in the areas of small development projects and in nursery education.

36. The Chief Minister highlighted the contribution from United Nations sources in the areas of education, women and child development, tourism, water and the environment. He added that the Commonwealth Fund for Technical Cooperation also provided technical assistance in several areas.

C. Agriculture, livestock, fisheries and forestry

37. CDB reported that the Territory's agricultural performance remained strong in 1991. The production of vegetables, meat and poultry continued to expand in response to a strong domestic demand, attractive farm prices and the increased usage of pesticides and fertilizers. While Montserrat was currently self-sufficient in the production of eggs, it imported fruits and vegetables from Puerto Rico, St. Maarten and Dominica.

38. Activity in the fisheries sub-sector remained at a low level in 1991. During the period under review, the territorial Government continued to provide incentives to fishermen, including training in deep-sea fishing and the provision of storage facilities. Safety conditions associated with the small size of the fishing boats, which lack appropriate safety equipment, remained a major concern.

39. As an integral part of the territorial Government's programme to increase the availability of fresh fish throughout the Territory, fishermen are to be exposed to improved fishing techniques, and funds will be provided to fisheries. In order to safeguard against over-fishing, certain restrictions will be imposed within properly demarcated areas of the artificial reefs.

40. In the forestry sub-sector, the territorial Government continued its reafforestation programme following hurricane Hugo in order to protect catchment areas and prevent soil erosion. Deforestation and watershed erosion caused by the hurricane in 1989 had adversely affected the water table levels.

41. In his Budget Speech, the Chief Minister stressed the critical importance of the agricultural sector to the overall growth and development of the

Territory, in particular to the Government's efforts at economic diversification and greater self-sufficiency. In that regard, the Chief Minister outlined a number of initiatives which were to be taken in 1992 to expand the variety and growing season of vegetables, including the introduction of agro-forestry systems that would encourage the productive use of marginal lands and increase agricultural export. In connection with the latter activity, ongoing talks with the Caribbean Agricultural Trading Company continue with a view to exporting fruits and vegetables to the Caribbean, the United Kingdom and the United States.

42. According to the Minister, incentives would also be provided to farmers to increase the production of livestock through improved pasture management and the introduction of new blood lines to achieve increased growth patterns and high productivity. An expected increase in chicken production would reduce imports by 50 per cent and provide approximately 80 per cent of the local demand for eggs.

D. Industry

43. The manufacturing sector consists mainly of small-scale production units, including electronic assembly, textile, furniture, leather and agro-processing plants. CDB reported that the sector contracted during 1991 with the scaling down of operations by the government-owned Montserrat Sea Island Cotton Company owing to a lack of demand for the particular variety of cotton cloth. The local manufacturer of electronic components planned to convert its factory to produce motor vehicle accessory parts (see A/AC.109/1118, paras. 11 and 12).

44. On 11 March 1992, the Chief Minister outlined the territorial Government's policy on industrial promotion and development for 1992, and stated that the Government would continue to pursue foreign investment. He also stated that Montserrat had featured prominently at the Miami Conference on Trade and Investment for the Caribbean in 1991 and that he had been invited to a follow-up promotional presentation to United States investors. He noted that the Territory would make greater use of the Washington-based Eastern Caribbean Investment Promotion Agency (ECIPS), as well as of the OECS High Commission in Canada. The Chief Minister disclosed that in order to attract local private investment, the Territory's Development Unit had been authorized to establish a committee to review the applications for incentives from local entrepreneurs. He noted that the Government currently promoted investment opportunities in the tourist, spring water bottling, agro-processing, light manufacturing and data-processing industries. According to the Chief Minister, sound investment proposals in other areas were encouraged in an attempt to provide employment, as well as enhance export earnings and foreign exchange savings. It was reported earlier that CIDA and USAID had provided assistance to the Territory in the development of small business (see para. 35). In that connection, CIDA had financed the establishment of a multi-purpose agro-processing facility at the industrial estate.

E. Communications and other basic facilities

45. It was previously reported that the United Kingdom had agreed to provide an estimated EC$ 66 million towards the long-term recovery programme of the Territory as of April 1991, and that in December of the same year, the Minister for Communications and Works of Montserrat had outlined the Government's infrastructure programme for the next five years. The programme included the renovation and remodelling of the new Glendon hospital, and the rehabilitation of police stations, schools and government buildings, as well as improvements to the airport, roads and the drainage system (see A/AC.109/1101, paras. 42-44).

46. In March 1992, the Chief Minister stated that the major infrastructure projects for 1992 would include the upgrading of major roads, the completion of coastal protection and drainage works and reconstruction of Government office accommodations, as well as the completion by June 1992 of a major study to determine the necessary improvements to the airport. It was estimated that the cost of improvements to airport facilities would be approximately EC$ 63 million.

47. The new Jetty Project at the Montserrat port was reported to be under way. Financing for the rebuilding of the port, estimated at EC$ 43 million, had been secured from CDB, the European Investment Bank, the European Community and local funds.

48. The Montserrat Electricity Services (MONLEC) continued to recover from the devastating effects of the hurricane. Peak demand for 1991 was 12 per cent below that of 1988 and sales were correspondingly low. Partial relief obtained through a tariff increase in May 1991 proved inadequate, thus necessitating a tariff review for 1992. The Territorial Government assisted the company in securing a conditional loan of US$ 180,000 to carry out a power system development study. This project, which represented the first major review since 1977, would examine alternatives for power generation by MONLEC and outline strategies for satisfying the Territory's electricity needs up to the year 2005. The company was expected to cooperate with private geothermal power developers in exploring a major economical alternative to diesel power generation.

49. With regard to the Territory's water supply, emphasis will continue to be placed on the improvement of existing services. In this connection, the Chief Minister stated, inter alia, that two new reservoirs would be erected which would increase storage capacity by 2,727,600 litres. These two projects would be financed by the British Development Division in the Caribbean at an approximate cost of EC$ 2 million. Other capital projects of the Montserrat Water Authority for 1992 include replacements and installations at pumping stations, the expansion of computer systems within the Authority to manage inventories, engineering designs and waste control; and the development of ground water projects. These projects were estimated at EC$ 3.6 million.

F. Tourism and real estate development

50. According to CDB, total visitor arrivals rose slightly during 1991 as stopover arrivals increased by 1.1 per cent over 1990 levels to an estimated 19,000. The sector continued to be dominated by retiree and villa tourism. The rate of investment by retirees in Montserrat was declining, however, as evidenced by the slump in the real estate market. The United States continued to provide the bulk of total arrivals, estimated at 60 per cent in 1991.

51. The following major developments were reported during the period under review: the Department of Tourism, in association with the Montserrat Aviation Services (MAS) and the Leeward Island Air Transportation (LIAT) agreed to set up a special Montserrat Desk at Antigua's main airport from 1 December 1992 to 31 January 1993 to ensure that passengers and their baggage reached Montserrat the same day of their arrival in Antigua. 10/ Antigua is the Territory's major link to international flights from Europe and North America.

52. A major residential development on Blades Estate, which started earlier in 1992, was reported to be under way in August. Access roads on the first phase of the project, which comprised 46 housing lots, have been prepared and construction on the homes was expected to start in mid-1993. 2/

G. External trade

53. ECCB reported that trade data for the first quarter of 1992, while incomplete, showed that there was a significant decline in imports which fell by 16.3 per cent from EC$ 25.1 million in the first quarter of 1991 to EC$ 21 million in the first quarter of 1992. Imports had risen sharply following the 1989 hurricane. Exports increased from EC$ 700,000 to EC$ 1.3 million between the first quarter of 1991 and the first quarter of 1992.

54. In March 1992, the Chief Minister informed the Legislative Council that the Eastern Caribbean States Exports Development Agency (ECSEDA), which was established in 1990 to develop and enhance the export capabilities of OECS manufacturers, had been instrumental in assisting a number of the Territory's manufacturers. Eleven local companies attended the OECS/Caribbean Expo 1990 held in Antigua. Two companies participated in an OECS trade mission to St. Maarten and St. Thomas. The Territory expected to participate in 11 trade fairs and missions which ECSEDA co-sponsored during 1992.

55. The North American Investment and Trade Mission, which visited the Territory from 4 to 8 August 1992, brought together local entrepreneurs and their counterparts from the United States and Puerto Rico, and was reported to be successful. Two Miami-based firms and a Puerto Rican firm confirmed their intention to engage in banking and the bottling of local spring water respectively. Other investors expressed their interest in joint ventures in poultry farming, light industry and cosmetology. Representatives of CDB and the World Bank who attended the Investment and Trade Mission stated that potential projects could be financed by the special lending facilities which make funds available to the Territory. 11/

56. It was subsequently reported that an OECS trade mission would visit the Territory for the purpose of ascertaining the benefits which could accrue to OECS members, including Montserrat, from trade relations with Puerto Rico and the United States Virgin Islands. 9/

H. Financial institutions

57. Details concerning the review and reorganization of the Territory's financial services sector are contained in the previous working paper (A/AC.109/1101, paras. 54-57).

58. CDB reported that commercial bank loans, as well as the settlement of insurance claims, played an important role in financing economic activity in 1991. Loans and advances increased to EC$ 102.2 million in 1991 compared to EC$ 88.5 million in 1990. The expansion was dominated by loans for house and land purchases, which rose from EC$ 29.6 million to EC$ 36.6 million. Total deposits were EC$ 110.2 million at the end of 1991 compared to EC$ 116.5 million at the end of 1990. Tightening liquidity conditions prompted the commercial banks to increase the prime lending rate.

59. In his 1992 Budget Speech, the Chief Minister stated that 1991 had been a year of consolidation for the offshore financial sector. The process of closing down unacceptable banks was completed and the Territory was left with three commercial banks and 21 offshore banks, all of which were adequately capitalized and were meeting the Territory's statutory compliance requirements. The Chief Minister noted that the new banking ordinances, which were passed by the legislature in December 1991, were finalized and that a manager had been appointed at the Financial Services Centre. He added that the Territory's financial services were being promoted jointly with tourism and other investments.

I. Assistance from the United Nations system of organizations

60. In the 1991 Development Cooperation Report for the Eastern Caribbean prepared by the UNDP office in Barbados, it was noted that all external assistance, including technical assistance, rendered through UNDP was coordinated and monitored by the Territory's Economic Development Unit. It was also noted that the UNDP Resident Representative also served as Resident Coordinator of the operational activities of the United Nations system for development at the country level. This enhanced the capacity of the United Nations system to act in concert on development issues and programmes, particularly those which required a multisectoral approach. 9/

61. According to the report, much of the assistance provided by the United Nations system was channelled through UNDP. In addition, several agencies have included assistance to Montserrat in their regional programmes, including the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Pan American Health Organization-World Health Organization (PAHO-WHO), the International Labour Organisation and the Food and Agriculture Organization of the United Nations. The following is a table of sources and assistance provided to the Territory in 1991 and planned for 1992:

United Nations sources	(in 000 US$) 1991	1992
UNICEF	31	-
UNDP	297	149
United Nations Centre for Human Settlements (Habitat)	45	-
United Nations Volunteers (UNV)	45	-
PAHO/WHO	13	-
Total	431	150

62. On 26 May 1992, the Governing Council of UNDP adopted decision 92/25 by which, inter alia, it approved the Third Country Programme for Montserrat and the Fifth Multi-Island Programme for Countries of the Eastern Caribbean (including Montserrat).

63. On 13 and 20 October 1992, the representatives of FAO, the United Nations Educational, Scientific and Cultural Organization and UNDP participated in the work of the Fourth Committee (A/C.4/47/SR.3 and 5). In his statement before the Fourth Committee, the representative of UNDP stated that according to its estimates, Montserrat was among three Caribbean Territories which were expected to reach net contributor status by the end of the current programming cycle (1992-1996) and would be ineligible for grant technical assistance from UNDP. Further information from UNDP indicated, however, that these Territories would continue to receive other forms of assistance, such as multi-island and regional programmes, as well as from UNDP special programme resources (see A/47/649).

IV. SOCIAL CONDITIONS

A. Labour

64. The total number of persons in the labour force in 1990 was 5,700. No new data were received on the structure of the labour force (for details see A/AC.109/1101, para. 63). In March 1992, the Chief Minister stated that the territorial Government had given priority to the rationalization of its policy on work permits following concern over the apparent increase in unemployment among nationals. In 1991, the Territory had pursued a more liberal policy to meet the demand for construction workers in the public and private sectors. Some 674 work permit applications had been processed by the Labour Department. The Chief Minister noted that a high percentage of the applications had been received for non-skilled jobs, which could be filled by Montserratans. He added that with various public sector projects about to be implemented, there would be increased job opportunities. The Chief Minister outlined an

initiative by the Labour Department to train young people looking for work to prepare them for the local job market. A task force comprising representatives from the public service sector, the Chamber of Commerce and the trade union movement has been established to formulate, plan and administer the programme.

B. Public health

65. The Chief Minister, in his 1992 Budget Speech, stated that the Government was committed to providing a comprehensive health-care system that was accessible and affordable to the people of the Territory. He noted that Phase I of the project to restore and improve the Glendon hospital was started in December 1991 at a cost of EC$ 1.2 million. Phase II, which involved the construction of a temporary hospital to facilitate the rehabilitation of the main hospital at a cost of EC$ 1 million, began in April 1992. Phase III, the actual rebuilding of the new Glendon hospital, was expected to get under way in the latter half of 1992. Phase IV, the rehabilitation of the old hospital into an out-patient complex to house several facilities including a dental clinic, pharmacy, ophthalmology, audiology and other out-patient services, would commence shortly after Phase II was begun.

66. Special efforts were being made to encourage specialists to visit Montserrat on a regular basis. A task force has been set up to look after the interests of the handicapped. Similar task forces were in place for the elderly and for asthma patients.

67. With regard to environmental health, the Government was assisted by PAHO/WHO in providing a comprehensive programme for solid waste collection and disposal. Concurrently, efforts were being made to control effectively mosquitoes and rodents which were reported to be on the increase.

68. Other areas selected by the territorial Government for attention in 1992 as a matter of priority were public education on the dangers of the acquired immune deficiency syndrome and sexually transmitted diseases, and food hygiene. Regular surveys were undertaken to detect the incidence of breast and uterine cancer, hypertension and obesity.

V. EDUCATIONAL CONDITIONS

69. Education in the Territory continued to be compulsory and free for all children between 5 and 16 years of age, and is provided at nursery, primary and secondary levels (for details, see A/AC.109/1101, para. 68). Supplementary information is given below.

70. It was reported in October 1992 that the Government had accepted in principle the proposals outlined in a feasibility study entitled "Restructuring of Post Secondary Education in Montserrat", carried out by the OECS Regional Education Adviser. The purpose of the study was to assess the potential for restructuring the post-secondary educational system and upgrading the Technical College into a community college. The Government has established a broad-based task force to assist the Ministry of Education in the details of planning and implementation of the study.

71. At the request of the territorial Government, the British Development Division in the Caribbean will fund a review of educational performance in Montserrat. The review was scheduled to begin in November 1992. Plans to construct a learning resource centre were reported to be well advanced with funds provided by the European Development Fund. The centre would provide for the training of teachers to improve the quality of the teaching/learning process in the Territory's schools.

72. With effect from January 1993, a unit with responsibility for the organization and development of culture and the arts in Montserrat was to be established in the Ministry of Education, Health and Community Services.

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 10 October 1991 for the year 1989/90.

2/ The Montserrat Reporter (Plymouth), 14 August 1992.

3/ Ibid., 23 and 30 October 1992; see also Caribbean Insight, vol. 15, No. 12 (London), December 1992.

4/ Caricom Perspective (Guyana), Nos. 54 and 55, January-June 1992.

5/ The Daily News (United States Virgin Islands), 20 November 1992.

6/ The Montserrat Reporter (Plymouth), 2 October 1992.

7/ Information in this section was extracted primarily from the "Montserrat Estimates of Revenue and Expenditure-1992", as approved by the Legislative Council on 11 March 1992, the Caribbean Development Bank, Annual Report 1991 and other published reports.

8/ The local currency is the East Caribbean dollar (EC$). One United States dollar (US$ 1.00) is equivalent to EC$ 2.70.

9/ Development Cooperation Report 1991 for the Eastern Caribbean, United Nations Development Programme, July 1992.

10/ The Montserrat Reporter (Plymouth), 23 October 1992.

11/ Ibid., 4 September 1992.